



STATE OF MAINE
PUBLIC UTILITIES COMMISSION
18 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0018

WILLIAM M. NUGENT
HEATHER F. HUNT
COMMISSIONERS

FCC MAIL ROOM

November 26, 1997

Universal Service Administrative Company
100 South Jefferson Road
Whippany, NJ 07981

Re: PUBLIC UTILITIES COMMISSION, Investigation Into Modification of
Maine's Lifeline/Linkup Programs.

Dear Administrator;

Enclosed is a copy of the Maine Public Utilities Commission's Order concurring with the Federal Communications Commission's decision to increase federal support for Lifeline customers. The State of Maine will continue its \$3.50 monthly "matching" support for each Lifeline household and approves the reduction in the portion of the intrastate rate paid by Lifeline customers.

Sincerely,

A handwritten signature in cursive script that reads 'Dennis L. Keschl' followed by the initials 'DK'.

Dennis L. Keschl
Administrative Director

cc: Office of the Secretary, Federal Communications Commission
Sheryl Todd

RECEIVED

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STATE OF MAINE NOV 28 1997
PUBLIC UTILITIES COMMISSION
FCC MAIL ROOM

Docket No. 97-825

October 31, 1997

PUBLIC UTILITIES COMMISSION
Investigation Into Modification
of Maine's Lifeline/Linkup Program

ORDER

WELCH, Chairman; NUGENT and HUNT, Commissioners

In this Order, we concur with the Federal Communications Commission's (FCC) decision to increase federal support for Lifeline households and confirm that the State of Maine will continue its \$3.50 monthly "matching" support for each Lifeline household. We also open an investigation to consider modifying Maine's existing Lifeline eligibility certification process to permit self-certification, and to consider raising the income ceiling for eligibility in the Lifeline/Linkup Programs.

I. APPROVAL OF INCREASED FEDERAL LIFELINE SUPPORT

On May 8, 1997, the FCC issued its Report and Order on Universal Service (FCC Order No. 97-157, CC Docket No. 96-45, referred herein as FCC Order) implementing key portions of the Telecommunications Act of 1996 (TelAct). The FCC Order raises the current federal support, beginning January 1, 1998, from \$3.50 per month per household to \$5.25 per month, and for states that have a "matching" \$3.50 contribution, the federal support increases to \$7.00 per month. Therefore, the total monthly support per Lifeline household in Maine will increase from \$7.00 to \$10.50 per month. To accept the increase in federal support, a state must notify the FCC that it approves the reduction in the portion of the intrastate rate paid by Lifeline customers. The Commission believes that the increased level of federal support promotes the underlying goals of universal service, and we approve the increased federal support of \$7.00 per month per Lifeline household.

II. NOTICE OF INVESTIGATION INTO CHANGES TO MAINE'S LIFELINE/LINKUP PROGRAM

In its July 17, 1997 Notice of Inquiry into Implementing the Universal Service Provisions of the Telecommunication's Act of 1996 (Docket No. 97-429), the Commission asked interested persons

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to comment on whether the Commission should accept the increased federal funding, permit applicants to self-certify eligibility, and expand Lifeline eligibility to households marginally above current eligibility guidelines.¹ Although commenters favored approving the increased federal funding, few commented on the self-certification and the expansion issues. The Commission now seeks more specific comments before considering changes to Maine's Lifeline Program.

Interested persons may file comments or answers to the following questions by December 15, 1997, as well as raise additional relevant issues:

1. If the Commission adopted self-certification, how would the process work? Please propose specific methods, including cost estimates, that the Commission should consider.
2. Please identify the administrative difficulties and concerns, such as fraud, related to adopting a self-certification process, and comment on ways to avoid and overcome these concerns.
3. What are the policy reasons, for and against, regarding expanding Lifeline eligibility to households marginally above current poverty levels?
4. If you believe the Lifeline program should be expanded, to what percentage level of poverty should the Commission expand the Program? Please quantify the costs of expanding Lifeline to this level and indicate how the expansion should be funded. Please provide the basis for any cost estimates.

¹The current annual LIFELINE verification process by Bell Atlantic (BA) consists of several steps with an administrative cost to BA of over \$500,000. BA sends a tape of current LIFELINE customers to the Dept. of Human Services (DHS) for verification of eligibility. Paper lists of the verification results are sent to the 11 state agencies involved and the HEAP coordinator for review of eligibility. The lists are returned to BA who notifies customers no longer eligible for LIFELINE. These customers then have the ability to appeal that determination. BA issues service orders to remove the LIFELINE service for the customers finally determined to be no longer eligible.

5. Should the Commission consider changing the current method of recovering Maine's costs of the Lifeline program? If so, please propose specific plans. If not, please comment on whether Maine's current method of allowing cost recovery meets the competition goals of the TelAct.

6. Currently, approximately 55%-60% of estimated Maine Lifeline households are enrolled in the Lifeline Program. Please suggest additional methods to increase Lifeline penetration levels for households that currently have telephone service and for households without service. Additionally, interested persons are asked to comment on the following issue by November 17, 1997:

7. Effective January 1, 1998, a Lifeline customer's basic local service cannot be disconnected for nonpayment of instate or interstate toll charges. In anticipation of this change, at least one state has required local exchange customers to reestablish local service for Lifeline customers who have been disconnected for nonpayment of toll charges. The carrier may require the customer to enter into a payment arrangement for the past due charges and to accept toll blocks until the balance is paid. The Maine Commission is considering implementing a similar program for Maine Lifeline customers who request reestablishment of service. Please comment on the merits and concerns of implementing a similar program in Maine, including suggestions on the process that LECs would use to implement the program, and possible benefits of reducing uncollectible accounts while increasing incremental revenues and Lifeline penetration rates.

Accordingly, we

O R D E R

1. That the Maine Commission concurs with the Federal Communication Commission's decision to increase federal support from \$5.25 per month per Lifeline household to \$7.00 per month;

2. That the Maine Commission confirms that Maine will continue its \$3.50 per month per Lifeline household support;

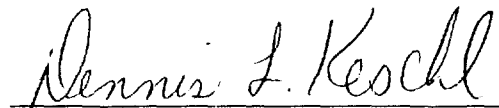
3. That the Commission opens an investigation into modifying eligibility and certification for the Lifeline/Linkup Programs and methods to increase participation in the Lifeline/Linkup programs; and

4. Interested persons may file comments on the questions and issues posed by this Order by filing written comments with the Commission's Administrative Director; and

5. That a copy of this Order will be sent to the mailing list in the Commission's Docket No. 97-429.

Dated at Augusta, Maine this 31st day of October, 1997.

BY ORDER OF THE COMMISSION



Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR: Welch
 Nugent
 Hunt